

REVIEW OF ACTIVITIES OF SUBCOMMITTEE ON INDUSTRIAL MACHINERY AND  
EQUIPMENT

5. Discussion:

The Executive Secretary of the Subcommittee on Industrial Machinery and Equipment commented briefly on SC activities in the past and the program for the future. The SC seems to be serving a useful function in coordinating interagency intelligence, and in keeping participating agencies informed. SC plans for reviewing industrial data recently released by the USSR were discussed. The desirability of the SC's maintaining a "watch" on items within its field likely to be considered in connection with periodic reviews of controlled items in East-West trade was discussed.

6. Action:

It was noted that this has been a productive SC, and its members were commended for their efforts. It was agreed that the SC should continue its work as outlined in its last annual report. In addition, the following were suggested as proper SC activities for FY 1958:

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- a. Evaluation of Soviet industrial statistics which have recently become available.
- b. Consideration of the desirability of following selected controlled items in its field so as to assist the EDAC community in the periodic reviews of East-West trade controls.
- c. Review and updating of the SC Terms of Reference. (See paragraph 7, below.)

The Navy representative agreed to take up with his agency the question of Navy representation on this SC.

9 October 1957

EIC/S BRIEF ON SUBCOMMITTEE ON INDUSTRIAL MACHINERY AND EQUIPMENT

REFERENCES: General Concept and Functions of EIC Subcommittees,  
EIC-D-123/2, 20 December 1955  
SC Terms of Reference, approved 19 March 1954  
SC Annual Report for FY 1956, see EIC-D-187,  
19 October 1956  
SC Annual Report for FY 1957, see EIC-D-249,  
18 September 1957  
Recapitulation of EIC Subcommittee Activities  
FY 1955, FY 1956, and First Half FY 1957 (Chart)

1. This subcommittee has been moderately active during the past year, although not as active as in the past, principally because changing emphasis in the research efforts of the participating agencies did not require as high a level of SC activity as in previous years. During FY 1956, 11 SC meetings were held; during FY 1957, 5 meetings; so far in FY 1958, 2 meetings have been held. The subcommittee's principal activities during the past year were: preparation of a survey of priority deficiencies in research on Sino-Soviet Bloc industrial machinery and equipment (now in EIC/S for review prior to submission to EIC for approval); assistance to the IAC ad hoc Committee on Exchanges in the evaluation and planning with regard to a Soviet proposal for exchange of delegations in the forging press industry; and consideration of Phases I and II of an Air Force-sponsored external research project.

2. Other subcommittee activities included:

- a. Review of substantive papers - In the past the SC has reviewed several substantive papers each year, but this year the only paper fully discussed was the Air Force Planning Study of Soviet Heavy Machine Building Industries, Phase I, which was considered as the work progressed. Discussion of Phase I included the methodology used, proposed utilization, and probable utility. The finished report on Phase I was received late in the year and was reviewed at the SC meeting on 18 September 1957. In addition, two CIA papers are scheduled for early review by the subcommittee.

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- b. Review of proposals for external research - No proposals for government-sponsored external research were submitted for SC consideration during FY 1957. One CIA project on labor productivity in USSR industries was presented informally and its feasibility discussed, but the project was never initiated.
  - c. Agreed basic statistics - The SC did not engage in as extensive work on agreed estimates as it has in the past. Changes in Air Force organization and functions, and the setting up of arrangements whereby the Air Force will make use of CIA production estimates in its Air Target Studies were the principal reasons for the decreased attention.
  - d. Review of present status of priority research - At the end of the year the SC reviewed the progress being made in filling identified gaps in research and noted that significant progress was being made in filling these research gaps. (See Annex A to SC Annual Report for FY 1957.)
3. The subcommittee evaluates its role as follows:
- "It is felt that the Subcommittee has effectively realized its potential during the past year, owing in large part to the active interest, participation and cooperation of the representatives of all the participating agencies. Because of the character of emphasis currently in the research effort of the various participating agencies, a high level of Subcommittee activity was not essential in FY 1957 as in previous years.

"There are not outstanding administrative problems presently impeding the Subcommittee. However, it is felt that participation by the Department of the Navy, through addition to the membership of a representative of ONI, would materially enhance the Subcommittee's capability and usefulness."

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4. The subcommittee plans to maintain its organization and to meet at appropriate times to accomplish the following principal objectives, as outlined in its Annual Report:

- a. Review significant substantive intelligence product in its field;
- b. Review progress being made toward closing priority research gaps and determine priority deficiencies in collection;
- c. Consider plans of participating agencies for initiation of, and the progress of, external research in its field of interest; and
- d. Examine the state of basic statistics in its field, particularly in view of the augmented publication by the Bloc countries of industrial production statistics.

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NOTES AND RECOMMENDATIONS (For Chairman Only)

5. The following agencies are represented on this Subcommittee:

CIA	25X1A9a	[REDACTED] Chairman
		[REDACTED] Executive Secretary
State		John G. Oliver
Army		Col. Josiah M. Towne
Air Force		Donald L. Zoll
OSD		John H. Williams

6. This subcommittee got off to a good start, tackling the problems identified in their annual report for FY 1955 and following through in FY's 1956 and 1957. A good share of the success of the SC has been the result

25X1A9a of the good work of [REDACTED] and later [REDACTED] as SC 25X1A9a

25X1A9a chairman, and the fine performance of [REDACTED] as Executive Secretary. 25X1A9a

[REDACTED] performance has been particularly exemplary and his contribution to the SC is recognized by all its members. The participation of the representatives of the interested agencies has been quite active.

7. A present problem of the SC is the less obvious need for extensive interagency coordination in this field due to shifting emphasis in agency operations. Increasingly CIA is doing the substantive work in this field while the Air Force, due to reorganizations and shifting emphasis in its work, to an increasing extent has been going out of the business.

8. The subcommittee feels its work would benefit from ONI representation on the SC. This has been brought up before, but ONI has never designated a committee representative. During the past year ONI has withdrawn from active participation in 2 other SC's and may not feel that it can furnish a man for IM&ES. However, in the case of the Chemicals SC, ONI named an "Observer", and for Electronics and Telecommunications named a "Consultant". Some such arrangements might be made for this SC, enabling the SC to draw on Navy support, if required.

9. This subcommittee has also been concerned about the review of external research projects, feeling that it was not enough to look at the proposal, say OK, and then forget it. The particular external research project considered in their field was a phased Air Force Planning Study on Soviet Heavy Machine Building Industry. Phase I of this project was primarily designed to derive patterns of inputs by process analysis and was to be followed by Phase II, an analysis of the industries' products utilizing the process inputs developed in Phase I. The SC questioned the availability of data to insure reasonable accuracy in the Phase I study, and felt that Phase II should not be undertaken until a careful look could be given to the results of Phase I. The Phase I report was not yet finished when the AF had to contract for Phase II.

The SC discussed this project at some length with AF representatives, and while it has been indicated that there is still considerable flexibility in the Phase II contract -- so that any suggestions the SC desired to make could be considered -- there is apparently considerable SC feeling that some change is needed in the present procedure for coordination of government-sponsored external research, if maximum benefits and minimum costs to the government are to be ensured.

This is not a NEW problem as far as external research is concerned -- part of the problem stems from receiving over-all research programs in "bits and pieces", as they are ready for contracting (such as the several Air Force projects bearing on the construction of Soviet industry-process-models) without any review of the over-all program or the relationship between the over-all projects and the "bits and pieces". Part of the problem also appears to be that when new analytical techniques are being developed and tested, there is a natural reluctance to approve the new methods, and a general feeling that known deficiencies in data may introduce unmeasurable bias, or error, in the

results, so that estimates arrived at by the newer techniques would be unacceptable to the rest of the community.